We are sure that all members of this Group attach special importance to the study of ways to promote the expansion of trade between less-developed countries.

Indeed, studies of the external trade of less-developed countries have shown that approximately three quarters of their export and import trade is with developed countries, and approximately 7 per cent represents trade with countries having a planned economy, so that the percentage of trade between less-developed countries is not much more than 10 per cent and this despite the fact that these countries, which have more than three quarters of the total world population, have greater possibilities for expanding trade.

As we all know, the question of the expansion of trade between less-developed countries has been discussed at length in GATT and during the United Nations Conference on Trade and Development, as one of the tasks which must have priority if we really desire the rapid development of less-developed countries. In our opinion, that is the reason for this Group's existence.

The problem is obviously complex. Indeed, possibilities for expanding trade between less-developed countries are limited by a number of factors - for example, low purchasing power, lack of complementarity, inadequate transport facilities, chronic shortage of foreign exchange, and obstacles relating to structures and institutions. Then there are all the existing links of financial and commercial arrangements between some less-developed countries and developed ones.

As regards the principle of the exchange of preferences between less-developed countries, there has been no disagreement as to the extent to which such preferences can help to expand foreign exchange earnings and diversify the economies of the countries concerned.

My country has already expressed its support for the principle adopted in UNCTAD concerning a general system of preferences between less-developed countries.
Having regard to the difficulties and obstacles which can come between our aspirations and existing realities, our delegation made this proposal with the aim of making a practical contribution to our work in order, jointly with the other delegations here, to determine the scope and modalities of preferences which could be exchanged between less-developed countries.

Indeed, we view our proposal as a basis for discussion rather than as a definitive and inflexible stand. And we are fully disposed to co-operate in studying all the points raised at the last meeting.

As regards our proposal, I should like to clarify a few points:

- The ultimate objective of our proposal is in general to permit the establishment of preferences between less-developed countries in different regions by means of negotiated agreements aimed at promoting the trade of those countries in order to assist their economic development.

- The selection of products on which the countries concerned grant each other preferences must not be against the interests of their domestic industries, because less-developed countries might not be in a position to reduce their customs duties except on the basis of reciprocity, on account of their fiscal requirements and their protection and development needs.

- Our proposal provides for negotiations which, in our opinion, should be the basis for solving several points, including the following:

  I. By negotiation, each participating country could decide to add or withdraw products from the list of preferences for, in our view, it is difficult to establish a list of products acceptable to all the developing countries.

  II. By negotiation, it would be decided whether preferences should cover only manufactures and semi-manufactures, or also extend to primary products.

  III. By negotiation, preferential agreements could be extended to other less-developed countries. In other words, the agreements could be adhered to by all less-developed countries wishing to enjoy the preferences, by negotiating the benefits and obligations involved.

  IV. At first sight, the preferences should relate to tariff measures. It is clear to our mind, however, that they should also extend to non-tariff measures, for preferences could easily be invalidated by other restrictions.
V. In paragraph 3(ii), the United Arab Republic proposal states that the preferential treatments to be exchanged between developing contracting parties shall not be less than that at present granted on similar products by some developing contracting parties to developed contracting parties.

Clearly, the main objective of the less-developed countries is to help each other to meet competition by traditional suppliers from developed countries on the market of other less-developed countries.

VI. We should also like to say a few words concerning the non-discriminatory nature of our proposal.

It is only logical that the preferences exchanged between less-developed countries should not be extended to any developed country, otherwise the system would be ineffective.

So far as the less-developed countries are concerned, we have already drawn attention to the very general character of our proposal, namely that it can be adhered to by any less-developed countries which wish to enjoy the benefits and take on the obligations involved.

In any event, if a less-developed country considers that its interests could be impaired by the implementation of such agreements, it can invoke the provisions of Article XXXVII:5 in Part IV of the General Agreement.

Lastly, our proposal provides a time-limit for the expiry of such agreements; this is in order to ensure that the proposed preferences remain in force only so long as is necessary in order to help suppliers in less-developed countries to overcome the special difficulties which they encounter in finding outlets on the markets of other less-developed countries.

In conclusion, I should like to emphasize that my delegation envisages that its proposal would be implemented within the framework of the provisions of Part IV of the General Agreement, which refers to appropriate measures for this purpose in the preamble as well as in the substance of the text.